



Itel Rail Corporation

55 Francisco Street
San Francisco, CA 94133
(415) 984-4000
(415) 781-1035 Fax

RECORDATION NO. **18709** FILED 1425

JAN 5 1990 -12 20 PM

INTERSTATE COMMERCE COMMISSION

Hon. Noretta R. McGee
Secretary
Interstate Commerce Commission
Washington, DC 20423

Re: Schedule No. 1 to Master Lease Agreement dated as of November 29, 1989, between Itel Rail Corporation and Natchez Trace Railroad Company

Dear Ms. McGee:

On behalf of Itel Rail Corporation, the above instrument, in three (3) counterparts, is hereby submitted for filing and recording pursuant to 49 U.S.C. Section 11303(a), along with the \$15 recordation fee.

Please record this Schedule under the Master Lease Agreement dated as of November 29, 1989, between Itel Rail Corporation and Natchez Trace Railroad Company, which is being filed with the ICC simultaneously this date.

The parties to the aforementioned instrument are listed below:

Itel Rail Corporation (Lessor)
55 Francisco Street
San Francisco, California 94133

Natchez Trace Railroad Company (Lessee)
P.O. Box 477
Holly Springs, Mississippi 38635

This Schedule adds to the Master Lease Agreement fourteen (14) 4,482 4,482 cubic foot, 70-ton, LU boxcars bearing reporting marks NTR 2000-2023 (n.s.).

Please return to the undersigned the stamped counterparts not required for filing purposes, together with the ICC fee receipt and acknowledgment letter.

Very truly yours,

Patricia Schumacker
Patricia Schumacker
Legal Assistant

SCHEDULE NO. 1

RECORDATION NO. **16709 A**
 FILED 1428
 JAN 5 1990 - 12 20 PM
 INTERSTATE COMMERCE COMMISSION

THIS SCHEDULE No. 1 ("Schedule") to that certain Lease Agreement, (the "Agreement") made as of November 29, 1989 between *ITEL RAIL CORPORATION and ITEL RAILCAR CORPORATION, severally, as lessors, and NATCHEZ TRACE RAILROAD COMPANY, as lessee ("Lessee") is made this 29th day of November, 1989, between ITEL RAILCAR CORPORATION ("Lessor") and Lessee.

*ITEL RAIL CORPORATION AS SUCCESSOR IN INTEREST TO BOTH

Lessor and Lessee agree as follows:

1. All capitalized terms defined in the Agreement shall have the meanings defined therein when used in this Schedule No. 1, except that the term "Cars" as used herein shall only refer to the equipment described in this Schedule unless otherwise indicated.
2. Lessor hereby leases the following "Cars", to Lessee subject to the terms and conditions of the Agreement and this Schedule:

AAR Mech Desig	Description	Numbers	Length	Dimensions Inside Width	Height	Doors Width	No of Cars
LU	4482 Cubic Feet 70-ton, All Door, Boxcars	NTR 2004- 2007, 2010- 2012, 2016, 2022, and 2023	52'5"	9'9"	9'6"	26'2"	10
LU	4482 Cubic Feet 70-ton, All Door, Boxcars	NTR 2000, 2001 <u>2002, 2003</u>	52'5"	9'9"	9'6"	26'2"	4

The four (4) Cars currently bearing reporting marks LNAC 6072-6075, are in Lessee's possession pursuant to an Assignment Agreement between Louisville, New Albany & Corydon Railroad ("LNAC") and Lessee. These four (4) Cars shall become subject to the Agreement upon remark to NTR.

- 3 The term of the Agreement with respect to the ten (10) Cars bearing reporting marks from within the series NTR 2004 - 2023 shall commence at 12 noon on the date this Schedule is fully executed and with respect to the four (4) Cars currently bearing reporting marks LNAC 6072 - 7075 shall commence as to each one upon remark (in each case "Delivery") and shall continue as to all of the Cars described in this Schedule for three (3) year thereafter (the "Term")

4. Lessee agrees to pay the rent set forth in the Agreement, notwithstanding the fact that Lessee may not have immediate physical possession of the Cars leased hereunder.
5.
 - A. Lessor shall perform the registration and record keeping required for the Cars described in this Schedule, as described in Section 4 of the Agreement. Lessee hereby authorizes Lessor to subscribe to the car hire data exchange tape, Train 62 Junction Advices, and the Train 65, 67 and 80 Advices with respect to the Cars and agrees to execute any documents necessary to implement such authorization. If, for any reason, Lessor does not subscribe to Train 65 and 67 Advices, Lessee shall, within ten (10) days after the close of each calendar month, supply Lessor with copies of Lessee's interchange records with respect to Cars interchanged to and from Lessee's railroad line.
 - B. If Lessee's reporting marks are on any Cars, then Lessee shall provide Lessor with the UMLER passkey necessary for registering such Cars and shall authorize Lessor to receive the UMLER Fleet Tape. Lessee shall, within thirty (30) days of notification that Lessor has paid a car repair bill for equipment bearing* reporting marks not leased to Lessee by Lessor or for which Lessee is responsible for the cost of maintenance as set forth in the Agreement (or any other agreement between Lessor and Lessee), Lessee shall reimburse Lessor for any amount paid
 - C. Lessor shall perform car hire accounting for any equipment acquired or leased by Lessee from a party other than Lessor, which equipment bears the same reporting marks as any Car for which Lessor performs car hire accounting ("Other Equipment"). Such car hire accounting shall be performed upon terms to be agreed upon between the parties, which terms shall be set forth in a separate car hire service agreement ("Car Hire Agreement"). Under such Car Hire Agreement, Lessor shall, on behalf of Lessee, receive car hire rental and other payments relating to the use and handling of the Other Equipment by other railroads ("Funds") and shall deposit the Funds into an Agency Bank Account for the purpose of segregating the Funds from the Revenues (as defined in Section 8 hereinbelow) relating to the Cars so as to ensure that the interests of both Lessor and Lessee are protected. Such Car Hire Agreement shall provide that Lessee shall pay Lessor on a monthly basis a fee which is mutually agreeable to Lessor and Lessee
6. Lessee shall perform or cause to be performed and shall pay all costs and expenses associated with the maintenance of the Cars described in this Schedule. Subsection 5 B. of the Agreement shall not apply with respect to such Cars

*NTR


7. Lessor agrees to reimburse Lessee, within thirty (30) days of Lessor's receipt of the receipted copy of the paid tax bill, for all taxes actually paid in cash by Lessee resulting from: 1) ad valorem tax assessments on the Cars; and 2) any assessment, levy or impost relating to any Car, the Agreement, or the delivery of the Cars, which remained unpaid as of the date of the delivery of the Cars to Lessee or which is assessed, levied or imposed during the term of the Agreement, except taxes on income or gross receipts imposed on Lessee or sales or use tax imposed on mileage charges, car hire revenue, or the proceeds of the sale or lease of the Cars. Lessor and Lessee will comply with all state and local laws requiring filing of ad valorem returns associated with the Cars. Notwithstanding any portion of this Section, Lessor shall not be responsible for penalty or interest assessments resulting from Lessee's failure to comply with any regulation or statute of any taxing or assessing authority. Lessee shall forward to Lessor upon receipt all correspondence, notifications of proposed tax assessments and tax bills associated with any tax reimbursable by Lessor. Lessor may, in good faith and by appropriate proceedings, contest any assessment, notification of assessment or tax bill. Lessor shall assume full responsibility for all expenses, including legal fees, resulting from such contest.

8. Rent

A. Definitions

- (i) "Eligible Lines" is defined as the railroad lines owned and operated by Lessee as of the date this Schedule is executed by the parties. Unless Lessor and Lessee agree otherwise, any lines purchased by Lessee or added to the Eligible Lines or any Eligible Lines sold by Lessee to another party during the Initial Term or any Extended Term, effective on the date of such sale, are deemed to be the lines of another railroad company (a foreign road) for the purposes of determining Revenues (as defined in Subsection 8 A.(iii) hereinbelow).
- (ii) "Revenues Rates" is defined as the hourly and mileage car hire rates specified for each Car in the Hourly and Mileage Car Hire Rate Table published in the April 1989 edition of The Official Railway Equipment Register.
- (iii) "Revenues" is defined as the total revenues, calculated at the Revenue Rates, that are earned or due for the use and handling of the Cars on all railroad lines other than the Eligible Lines, including, but not limited to, per diem and mileage, whether or not collected and received by Lessor, and undiminished by any claimed abatement, reduction or offset caused by any action or failure of Lessee

(iv) The "Guaranteed Base Rent" is defined as
per Car per calendar quarter
("Quarter") The Guaranteed Base Rent for any Car that
is not subject to the Agreement for an entire Quarter
shall be prorated at
per day for such Car during such Quarter

(v) "Initial Loading" of a Car shall be the earlier to occur
of either 1) the date such Car shall have been loaded
off Lessee's railroad line with the first load of freight;
or 2) the thirty-first (31st) day after such Car is first
received on Lessee's lines.

B Lessor shall receive all Revenues earned by each Car prior to its
Initial Loading Each Car delivered pursuant to Subsection 3.A of
the Agreement shall become subject to the rental calculation under
Subsection 8 C. hereinbelow upon the Initial Loading of such Car,
provided, however, that Lessor shall retain and be entitled to all
Revenues earned by such Car after such Initial Loading, including
any Revenues due Lessee pursuant to Subsection 8 C.(ii) ("Lessee's
Revenue Share"), until the total amount of Lessee's Revenue Share
retained by Lessor shall have become equal to Lessor's expenses for
remarking and delivering such Car to Lessee ("Delivery Expense")

C Lessee agrees to pay rent to Lessor for the Cars calculated as
follows

(i) In the event Revenues earned in any Quarter or applicable
portion thereof are less than the Guaranteed Base Rent,
Lessor shall retain a sum equal to
of the total Revenues and Lessee shall, within ten
(10) days of receiving an invoice from Lessor, pay to
Lessor the difference ("Difference") between the total
Guaranteed Base Rent due and the actual Revenues for said
Quarter of applicable portion thereof The Difference
shall be due and payable regardless of any claimed
abatement, reduction or offset, except as otherwise
provided herein

(ii) In the event Revenues earned in any Quarter or applicable
portion thereof are the Guaranteed Base
Rent, Lessor shall retain an amount equal to the Guaranteed
Base Rent and Lessee, subject to Subsection 8 B , shall
receive of all Revenues
of the Guaranteed Base Rent.

D (i) In the event that as a result of any action or inaction
by Lessee, Lessor shall receive or earn for the use of

any Cars, Revenues calculated at hourly or mileage car hire rates that are lower in amount than those specified in Subsection 8.A. (ii), Lessee shall pay to Lessor, within ten (10) days of Lessor's request, an amount equal to the difference between the Revenues such Cars would have earned at the Revenue Rates and the amount of revenues actually received or earned for such Cars.

(ii) Should any abatement, reduction or offset occur as a result of any action or inaction of Lessee, Lessee shall, within ten (10) days of Lessor's request, reimburse Lessor the amount of such abatement, reduction or offset.

(iii) If, at any time during the Agreement, Lessee operates lines other than the Eligible Lines, Lessee shall supply Lessor with records which distinguish the movement of each Car on the Eligible Lines from the movement of such Car on any other lines operated by Lessee.

9.
 - A. Lessee agrees to defend, indemnify and hold Lessor harmless from any and all claims, liabilities, losses, damages, costs and expenses (including attorneys' fees) caused by, arising out of, or in connection with the Cars, including the use, possession, operation, maintenance and leasing of the Cars (collectively, "Damages"), except for any Damages which arise solely from Lessor's negligence.
 - B. Lessor agrees to indemnify and hold Lessee harmless from any Damages which arise solely from Lessor's negligence.
 - C. The indemnities and assumptions of liability contained in this Agreement shall survive the expiration or termination of the Agreement.
10. Upon the expiration or termination of the Agreement with respect to the Car(s) described in this Schedule, if some or all of the Cars are to be delivered to Lessor at Lessee's railroad tracks, Lessee shall be responsible for any transportation costs incurred in moving such Cars to said tracks subsequent to the time of expiration of this Agreement as to the Cars. Lessee shall, at Lessor's option, provide up to one hundred twenty (120) days' free storage on its railroad tracks for any Car which is either on Lessee's railroad tracks at expiration or is subsequently returned to Lessee's railroad tracks. Said one hundred twenty (120) days shall run either from expiration or from the date such Car is returned to Lessee's railroad line subsequent to expiration, whichever date is later. If requested to do so by Lessor, Lessee shall, at Lessor's option, either move a remarked Car to an interchange point on Lessee's lines selected by Lessor or use its best efforts to load the remarked Car with freight and deliver it to a connecting carrier for shipment.

11. Except as expressly modified by this or any other Schedule, all terms and provisions of the Agreement shall remain in full force and effect with respect to all Cars subject to the Agreement.
12. This Schedule may be executed by the parties hereto in any number of counterparts, and all counterparts taken together shall be deemed to constitute one instrument.

ITEL RAILCAR CORPORATION

By:

Robert Kiehl

Title:

Vice President: Finance

Date:

November 29, 1989

NATCHEZ TRACE RAILROAD COMPANY

By:

[Signature]

Title: Vice President

Date: 11/22/89

EXHIBIT A

CERTIFICATE OF DELIVERY DATE

Exhibit A to Schedule No. 1 dated as of _____ to Lease Agreement dated as of _____, by and between ITEL RAILCAR CORPORATION ("Lessor") and NATCHEZ TRACE RAILROAD COMPANY ("Lessee").

CAR REPORTING
MARKS AND NUMBER

DELIVERY DATE

The last day of the Initial Term for the above referenced Cars shall be

_____.

ITEL RAILCAR CORPORATION

By: _____

Title: _____

Date: _____

STATE OF CALIFORNIA)
) ss:
 COUNTY OF SAN FRANCISCO)

On this 29th day of November, 1989, before me personally appeared Robert Kiehnik
Desmond P. Hayes, to me personally known, who being by me duly sworn says that such
 person is President of ITEL Railcar Corporation, that the foregoing Schedule
 No. 1 was signed on behalf of said corporation by authority of its board of
 directors, and such person acknowledged that the execution of the foregoing
 instrument was the free act and deed of said corporation.

Vice Finance

Sharon L. Van Fossan

Notary Public



STATE OF California)
) ss:
 COUNTY OF San Francisco)

On this 22nd day of November, 1989, before me personally appeared _____
Lynn T. Cecil, to me personally known, who being by me
 duly sworn says that such person is Vice President of Natchez Trace
 Railroad Company that the foregoing Schedule No. 1 was signed on behalf of
 said corporation by authority of its board of directors, and such person
 acknowledged that the execution of the foregoing instrument was the free act
 and deed of said corporation.

Randall R. Ruta

Notary Public

